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6 "Must Ask" Interview Questions:

1. **Did you buy a new car/truck/motorcycle in 2009?**
 - I need a copy of the invoice: sales tax deduction, hybrid credit, lean burn credit
2. **Do you have any worthless stock this year? (GM)**
3. **Did you buy a home in 2009-I need the HUD closing statement**
4. **Did you make any energy improvements?**
5. **Did you refinance or borrow on home equity?**
 - I need closing statement and use of funds
6. **Did your parents add you to the deed on their house?**

Page 4-1st Homebuyer Credit

1st & Replacement Home Credit-2009/2010

FEATURE	Jan 1 – November 30, 2009 February 16 2009	November 7 – April 30, 2010 November 6 2009
First-time Buyer Amount of Credit	\$8000 (\$4000 married filing separate)	\$8000 (\$4000 married filing separate)
First-time Buyer Definition for Eligibility	May not have had an interest in a principal residence for 3 years prior to purchase	Same
Current Homeowner Amount of Credit	No Provision	\$6500 (\$3250 married filing separate)
Effective Date Current Owner	No Provision	November 7, 2009
Current Homeowner Definition for Eligibility	No Provision	Must have used the home sold or being sold as a principal residence consecutively for 5 of the previous 8 years
Termination of Credit	Purchases after November 30, 2009. (Becomes April 30, 2010 on Date of Enactment.)	Purchases after April 30, 2010
Binding Contract Rule	None	So long as a written binding contract to purchase is in effect on April 30, 2010, the purchaser will have until July 1, 2010 to close.
Income Limits (Note: Increased income limits are effective as of 11/06/09)	\$75,000 – single \$150,000 – married Additional \$20,000 phase out	\$125,000 – single \$225,000 – married Additional \$20,000 phase out
Limitation on Cost of Purchased Home	None	\$800,000 November 7, 2009
Purchase by a Dependent	No Provision	Ineligible November 7, 2009
Anti-fraud Rule	None	Purchaser must attach documentation of purchase to tax return
Where to take credit	Amended 2008 or original 2009 return	Amended 2008 or 2009 or original 2009 or 2010 Return



Page 4-More New Home Buyer Credit

IR 2009-108 states that for any home purchased after 11/6/2009 a new “soon to be released” revised Form 5405 must be used. Additionally it states that all home credit returns must be manually filed, including amended returns. A taxpayer who purchased a home on or before Nov. 6 and chooses to claim the credit on an original or amended 2008 return may continue to use the current version of Form 5405.

Page 7/8 Extension of NOL Carryback rule

The 11/6/2009 Act extended the special 2,3,4 or 5 year carryback availability discussed in the manual for 2008 to NOL's arising in 2009.

Page 12

CCA 200940030 states that additional mortgage borrowings of over \$1,000,000 are now treated as qualified home equity debt.

Page 12

New TC Memo 2009-226 allows gambler to aggregate slot winnings for the day rather than by machine to determine gross reportable winnings.

Page 22

IR 2009-96-Use Form 4506T-EZ for HAMP mortgage assistance payments, the HAMP assistance payments are exempt from tax. HAMP are payments from Fed to borrowers in foreclosure prevention.

TC Memo 2009-239

Incorrect 1099-C does not have to be included in income to extent incorrect if evidence of debt dispute.

CCA 200943028-SBA interest payments for benefit of ARC loan modifications non-taxable.

Page 26-CORRECTION

5th main point. Prior use of the \$500 energy credit for 2007 or older years does not require a reduction of the available \$1,500 2009 energy credit. The full amount of \$1,500 credit is available without regard to any prior credits taken.

Form 6252 Discussion Correct the first line to read previously elected to **not** use the installment.

Page 50-Add 11/6/2009 Tax Act Changes

Electronic filing for preparers will be required starting 1/1/2011 if preparing more than 10 returns, with no current exception for volunteers.

Starting with years beginning after 12/31/2009 late filing penalty for 1120S and 1065 will increase from \$89 per owner, per month to \$195 per owner, per month!

Page 58 the top of the page should add these words cut off by printer:

For more information on special tax rules for persons who are serving in a combat zone, or who are in missing status as a result of serving in a combat zone, get [Publication 3](#), Armed Forces' Tax Guide.



Additions & Corrections 2009 1040 In Depth

Page 64 the top of the page should add these words cut off by printer:
school offering courses only through the Internet does not count as a school.

Page 130 the top of the page should add these words cut off by printer:
deduct the part of the points related to the improvement in the year paid. The rest of the points may be deducted over the life of the loan.

Page 131 the top of the page should add these words cut off by printer:
does apply to refinancings but only up to the amount of the original acquisition indebtedness.

Page 141 the top of the page should add these words cut off by printer
become subject to the following restrictions: (1) the donor must own 100% of the property before making the first gift; (2) subsequent gifts of fractional interests must be valued as if made at the time of the initial gift (thereby eliminating the benefit of any appreciation in the property); and (3) any tax deduction will be recaptured (with interest) if the donee does not receive 100% of the property by the earlier the donor's death or 10 years after the initial gift.

Page 165 the top of the page should add these words cut off by the printer
the ex-dividend date. (Preferred stocks use a 90/181 day period)

Page 223 the top of the page should add these words cut off by the printer
the home was used as a 2nd residence or rented out to the total time the seller owned the house. The remainder remains eligible for the home sale exclusion. This prevents people from moving into vacation homes or rental units for two years and then obtaining the entire exclusion.

Page 380 the top of the page should add these words cut off by the printer
is residential rental property depreciate the part used as an office as residential rental property over 27.5 years.

Page 396 the top of the page should add these words cut off by the printer
placed in service on or before December 31, 2008 in the Kansas disaster area. The placed in service deadline is extended to December 31, 2009 in the case of real property.

Page 398 the top of the page should add these words cut off by the printer
income, the taxpayer is not considered the original user of the property. (Reg. 1.168(k)-1(b)(3)(ii)(A))

Page 441 the top of the page should add these words cut off by the printer
materially participating in that activity for the rest of the taxpayer's life.

Page 462 the top of the page should add these words cut off by the printer
also be repaid within 2 years after the end of active service. The 2008 Military Tax Relied Act made this exemption permanent.

Page 481
Remove the box to the right of the arrows



Additions & Corrections 2009 1040 In Depth

Page 513 the top of the page should add these words cut off by the printer partner interest in a partnership). It does not matter whether you materially participated in the activity for the tax year.

Page 549 the top of the page should add these words cut off by the printer \$50,000. In 2003 you did an exchange and you paid additional cash of \$37,000.

Page 551 the top of the page should add these words cut off by the printer escrow agreement, trust agreement, or exchange agreement, you must take into account all items of income, deduction, and credit attributable to the exchange funds.

Page 562 the top of the page should add these words cut off by the printer that are allocable to the business, is limited to the gross income from the business use of the home minus the sum of the following:

Page 610 remove item 3 "c" that refers to the prior use of \$500 credits

Page 644 the top of the page should add these words cut off by the printer be used by the beneficiary and the beneficiary's family during any of the years the beneficiary is in elementary or secondary school. (This does not include expenses for computer software designed for sports, games, or hobbies unless the software is predominantly educational in nature.)

Page 645 the top of the page should add these words cut off by the printer adjusted qualified education expenses (defined next) that the beneficiary has in the same tax year.

Page 651 the top of the page should add these words cut off by the printer contributed with a reduction or elimination of any interest earned.

Page 653 the top of the page should add these words cut off by the printer change your investment options once every calendar year in a college savings plan

